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THE Wheat SITUATION

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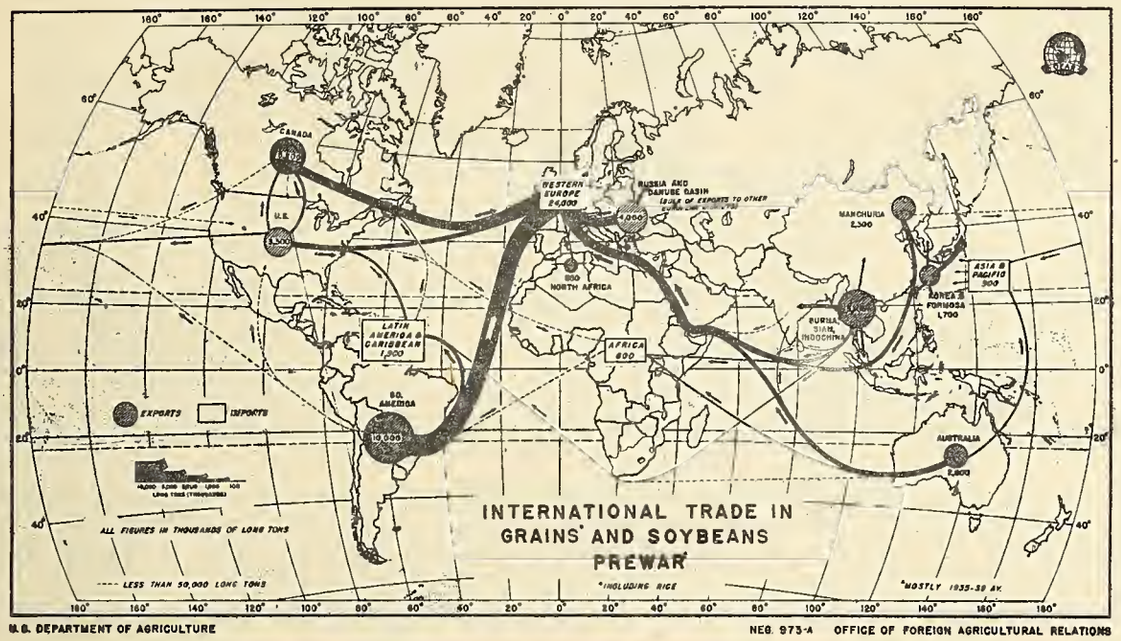
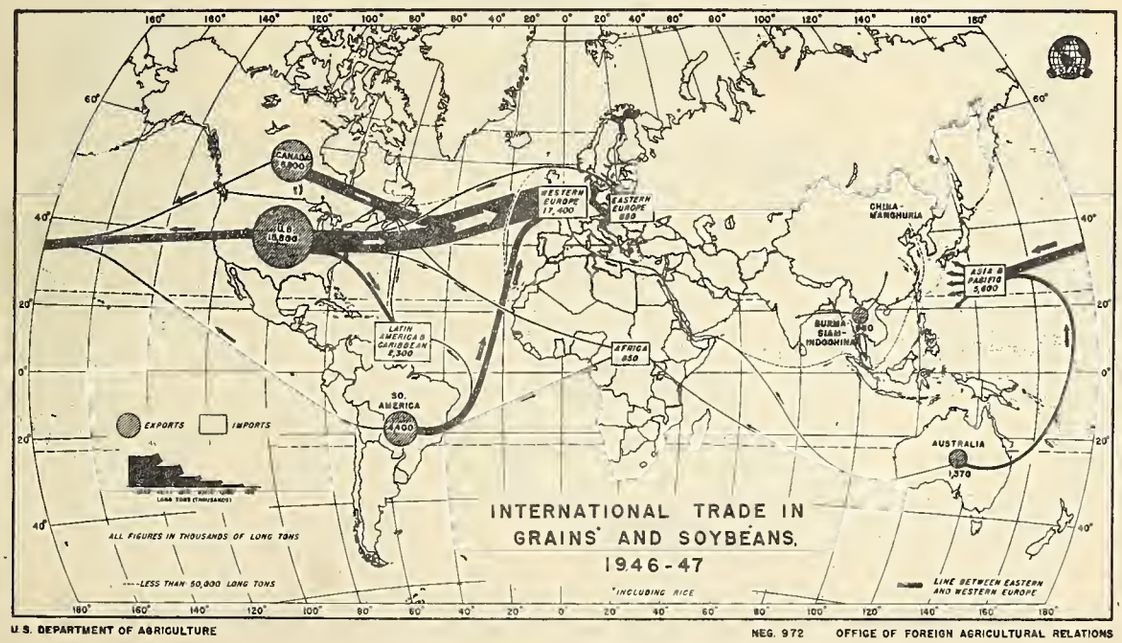
AUG. 3, A. M.

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

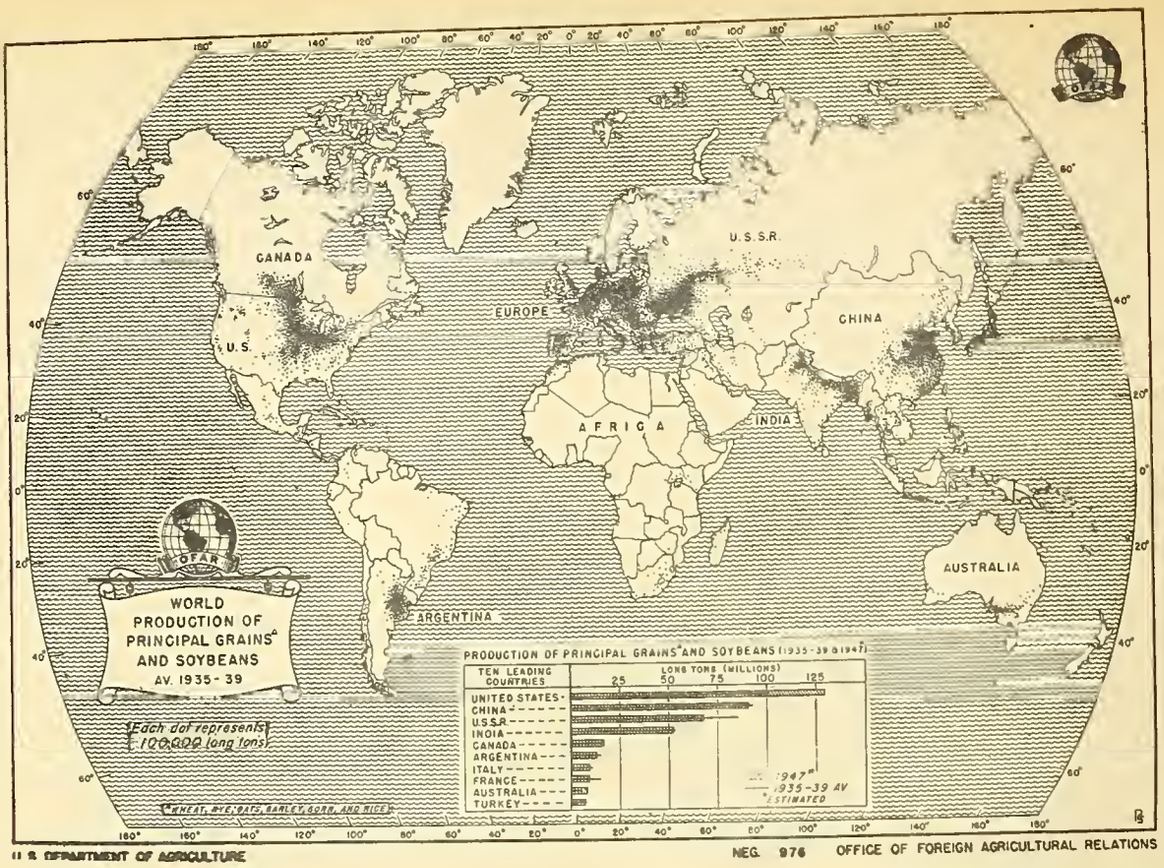
WS-106 BAE MAY-JUNE-JULY 1948



Before the war the main flow of international trade in foodstuffs was from South America to Europe. Asia and Australia, as well as North America, exported considerable quantities to Europe.



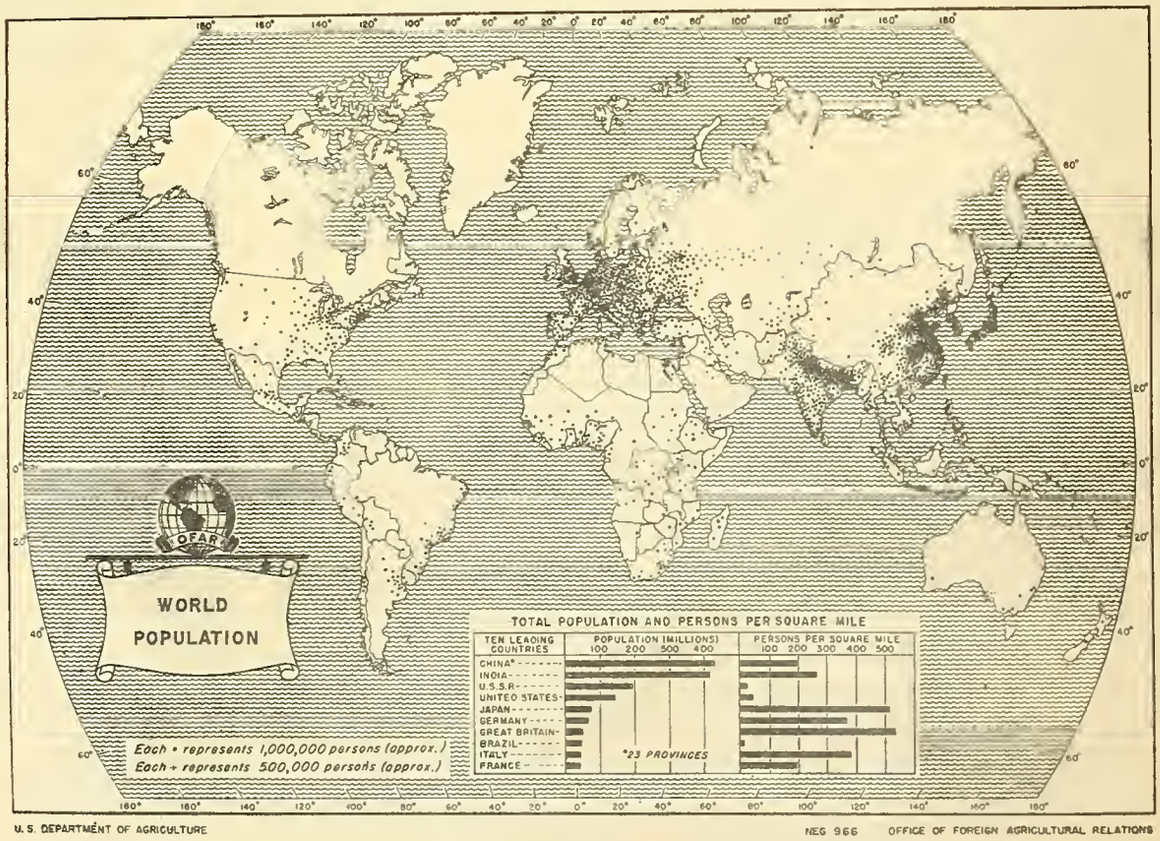
In 1946-47 North America was the main source of trade in foodstuffs. The Orient imported large quantities.



U. S. DEPARTMENT OF AGRICULTURE NEG. 976 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Of the 10 principal countries producing grains and soybeans, only the United States had heavy increases in 1947 compared with 1935-39. Australia and Canada produced slightly larger crops than in the prewar period. Heavy decreases occurred mainly in the western European countries and the Far East. The relationship of these changes in production to the food needs of the population can be gained roughly by comparing the charts above and below.

Neg. 976



U. S. DEPARTMENT OF AGRICULTURE NEG 966 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

THE WHEAT SITUATION

Approved by the Outlook and Situation Board, July 23, 1948

SUMMARY

United States wheat supplies for 1948-49 are now estimated at 1,437 million bushels. The 1948 crop, estimated as of July 1 at 1,242 million bushels, is second only to the record high of 1,365 million bushels produced in 1947. The carry-over, reported at 195 million bushels, is 111 million bushels above a year earlier, but still below the prewar (1932-41) average of 235 million bushels. With the increase in the carry-over, total supplies are almost as large as in 1947, a level exceeded only in 1942 and 1943 when July 1 carry-over stocks were at record highs.

Domestic disappearance in 1948-49 may total about 750 million bushels, consisting approximately of the following quantities, in million bushels: Food 510, feed 150, and seed and industrial use 90. If total supplies are 1,437 million bushels and domestic disappearance totals 750 million, 687 million will be available for export and carry-over. A preliminary analysis of supplies available in other exporting countries and probable takings by importing countries indicates that 1948-49 exports from the United States may total about 450 million bushels. On this basis, the carry-over July 1, 1949 would approximate the prewar average.

Wheat disappearance in 1947-48 was the third largest on record. Exports are estimated at about 485 million bushels, including flour in terms of wheat and 4 million bushels shipped to U. S. territories. This is nearly as much as the total world trade in wheat and flour in some prewar years and is about equal to U. S. domestic food consumption. Moreover, it is the third consecutive year in which U. S. exports have bettered previous records. Domestic disappearance was approximately as follows, in million bushels: Food 498, seed 91, alcohol 1, and feed 179, making a total of 769 million bushels.

Prices of new crop winter wheat are at present below the loan level. The loan program and heavy movement into storage, however, is expected to strengthen prices as the season advances. Storage has been so heavy and cars inadequate that for the time being the Association of American Railroads has placed embargoes on shipments for storage into all terminals in the Southwestern winter wheat area. Wheat offered for sale is still permitted to move. The shortage of cars to move the large crops presents a difficult transportation problem again this year.

The wheat price support at a national average of $2.00 a bushel to farmers for the 1948 crop was announced on June 30. Last year's announced rate was $1.83. Corresponding rates this year are $2.23 for No. 2 Hard Winter at Kansas City, and $2.25 for No. 1 Dark Northern Spring at Minneapolis. In addition to loans, purchase agreements are again available in substantially the same terms as those which applied to the 1947 crop.

Wheat prices in 1948-49 are expected to average moderately above the loan level. It is not likely that average prices in 1948-49 will exceed the loan rate by as much as in the past two years, because of the increase in the size of the carry-over, and the plentiful supply and lower cost of other grains. Prospects for the growing 1949 crops will again be an important price factor.

The European wheat crop for 1948 (excluding the Soviet Union) is tentatively forcast at 1,450 million bushels compared with 1,015 million bushels in 1947 and an average of 1,588 million bushels in the prewar years. Larger crop than in 1947 are reported for all countries. Rye production, forecast at 600 million bushels, is about 20 percent larger than the low production last year, but still 20 percent less than the average for 1935-39. In the Soviet Union, the present outlook for total grain production is about the same as it was in 1947, but still below the prewar average.

Production in Canada may fall below the 1935-39 average of 312 million bushels. Last year's production was 341 million. The 1948 crop deteriorated steadily from the middle of May through June according to the Dominion Bureau of Statistics. Deterioration was temporarily checked throughout most of the drought area by rains in the first week of July.

On the basis of very tentative figures on production, world supplies available for exports in the year beginning July 1, 1948 may total about 900 million bushels. Roughly, it would be expected that about two-thirds of such an amount would go to European countries participating in the ERP. While such an amont, in addition to domestic production, would not be enough to restore prewar per capita consumption, it would be about 15 percent above the low level of consumption in 1947-48. In addition to a substantial increase in population, these countries have a low level of reserve stocks of all food products, and there is continued need for using food grains as a substitute for other foods which are short.

THE CURRENT WHEAT SITUATION

BACKGROUND: - In 1932-41, the supply of wheat in Continental United States averaged 982 million bushels consisting of carry-over old wheat, 235; production, 738, and imports for domestic use, 9. Total disappearance averaged 721, consisting of food, 475; feed, 122; seed, 81; and exports and shipments 43.

An abnormal world demand for bread grains has made it possible to move the excess over domestic needs from four successive record wheat crops in the United States. Furthermore, the carry-over was cut down to very low levels on July 1, 1946 and 1947.

Net exports from the United States have exceeded 300 million bushels only in 1914-15, 1920-21, and in the 3 years beginning with 1945-46. Very small U. S. wheat crops in 1933-36 together with drives toward greater self-sufficiency in importing countries greatly reduced exports in the 30's, and the war curtailed shipping in the early 40's. In 1921-30 net exports from the United States averaged 177 million bushels, while in the 35 years since 1909, leaving out the years of net imports, net exports averaged 169 million bushels.

Wheat prices to growers advanced from an average of 68 cents per bushel in 1940-41 to a record high of $2.81 in mid-January 1948, and a record season average of about $2.31 for the 1947 crop. Until 1943-44, the loan program was the most important factor in domestic wheat prices. Beginning in that year heavy exports of wheat have been the chief price factor. However, domestic use also has been above average. The 1947-48 prices reflected the reduction in supplies of feed grains, the additional demand resulting from the lack of corn and other grains for export, and the rise in the general price level.

Exports to Continue Large; Carry-over July 1, 1949 May Be about Average

United States wheat supplies in 1948-49 are now estimated at 1,437 million bushels. The crop, estimated at 1,242 million bushels is second only to the record high 1,365 million-bushel crop in 1947. With an increase in the carry-over this year, total supplies are almost as large as last year, which were exceeded only in 1942-43 and 1943-44 when the carry-overs at the beginning of the year were at record levels (table 6).

Domestic disappearance may total about 750 million bushels, consisting approximately of the following, in million bushels: Food 510, feed 150, and seed and industrial use 90. The food item is slightly above the quantity used in 1947-48. With a record large corn crop in prospect, the feeding of wheat will be reduced from the estimated 179 million bushels in 1947-48. However, it is expected to be heavy in the July-September quarter because of short corn supplies. The use for distilled spirits, alcohol and malt beverages will again be very small. In 1947-48 it amounted to only 600 thousand bushels.

If total supplies are 1,437 million bushels, and domestic disappearance totals 750 million bushels, 687 million bushels will be available for export and carry-over. A preliminary analysis of supplies which may be available in other exporting countries and probable takings by importing countries indicated that exports from the United States amy total about 450 million bushels. On this basis the carry-over July 1, 1949 would be about the 1932-41 average of 235 million bushels.

July 1, 1948 Carry-over
195 Million Bushels;
111 Million Above Year Earlier

The carry-over of old wheat on July 1 was reported at 195 million bushels. This was over twice as much as the 84 million bushels a year earlier, almost twice the 100-million in 1946, but it was smaller than any other year since 1938. Table 8 shows July 1 stocks in the various positions compared with the same positions in recent years. Stocks of old wheat on farms July 1, 1948 were estimated at 94 million bushels, which was more than double the small July 1 stocks of the past 2 years, and slightly above the 10-year average of 92 million bushels. These July 1 stocks represent 6.9 percent of the previous year's crop, compared with 3.5 percent on July 1, 1947, and the average of 10.2 percent. About two-thirds of the farm stocks this year are in the five States of Nebraska, Kansas, North Dakota, South Dakota and Montana. Total off-farm stocks are estimated at 101 million bushels, compared with 43 million a year earlier, 58 million on July 1, 1946, and 191 million on July 1, 1945.

Wheat Disappearance in 1947-48
Third Largest; Exports Set Record
For Third Consecutive Year

Wheat disappearance in 1947-48, at 1,254 million bushels, was exceeded only by the 1,282 million in 1943-44 and the 1,289 million in 1945-46. In 1943-44, 488 million were used for feed, 107 million by industry, and only 66 million exported. In 1945-46, 304 million were used for feed, 21 million by industry, and 394 million bushels exported (table 6).

Exports for 1947-48 are estimated at about 485 million bushels, including flour in terms of wheat and also shipments to U. S. territories of 4 million bushels. This approaches total world trade in wheat in some prewar years and is about equal to U. S. domestic food consumption. Moreover it is the third consecutive year in which U. S. exports have set a new record. Exports in 1945-46 totaled 394 million bushels, and in 1946-47 they were 398 million bushels. Estimated exports to the various foreign relief agencies, other Government exports and commercial exports are shown in table 3. (Comparable figures for 1945 and 1946 are shown in The Wheat Situation, issue of August 1947). The quantities by countries of destination for wheat and other grains, under the export program is shown in The Wheat Situation, issue for March-April, 1948, page 18.

Domestic disappearance in 1947-48 was approximately as follows, in million bushels: Food 498, seed 91, alcohol 1, and feed 179, a total of 769 million bushels.

New-crop Prices Below Loan;
Purchase Agreements Again Available

Prices of new crop wheat on July 23 at Kansas City were 4 cents below the loan and at St. Louis 1 cent below the loan. The loan program and heavy movement into storage, however, is expected to strengthen prices as the season advances. Storage has been so heavy and cars inadequate that for the time being the Association of American Railroads has placed embargoes on shipments for storage into all terminals in the southwestern winter wheat area. Wheat offered for sale is still permitted to move. The shortage of cars to move the large crops presents a difficult transportation situation again this year.

Wheat price support for the 1948 crop was announced on June 30 at a national average of $2.00 a bushel to farmers. Last year's announced rate was $1.83 a bushel. Terminal prices comparable to this rate for the current year, with earlier years for comparison, are shown in table 5.

The price support level for wheat is 90 percent of the parity price at the beginning of the marketing year, July 1. The 1948 parity was $2.22 a bushel, 18 cents higher than the $2.04 a bushel a year earlier. The increase since that time is a measure of the rise in the index of prices paid by farmers including interest and taxes.

Only wheat grading No. 3 or better, or No. 4 or No. 5 because of test weight only, will be eligible for loan or purchase. The loans will be available through December 31, 1948, and will mature on April 30, 1949, or earlier on demand.

On May 25, interim loan rates were offered by the Department for the protection of growers harvesting early wheat. This rate was based upon parity as of April 15.

In addition to loans, purchase agreements on 1948-crop wheat will be offered to farmers as a further means of price support. This was announced July 15. Farmers may use either or both the loan and purchase programs. The purchase agreements will be offered from time of harvest through December 31, 1948, in all States and counties where commodity loans are available, in substantially the same terms as those which applied to the 1947 crop.

Under the agreements the producer will state the maximum quantity of eligible wheat upon which he desires an option to deliver to Commodity Credit Corporation. The CCC will accept any quantity up to that maximum any time before May 30, 1949. Purchase prices will be the same as the loan delivery rates.

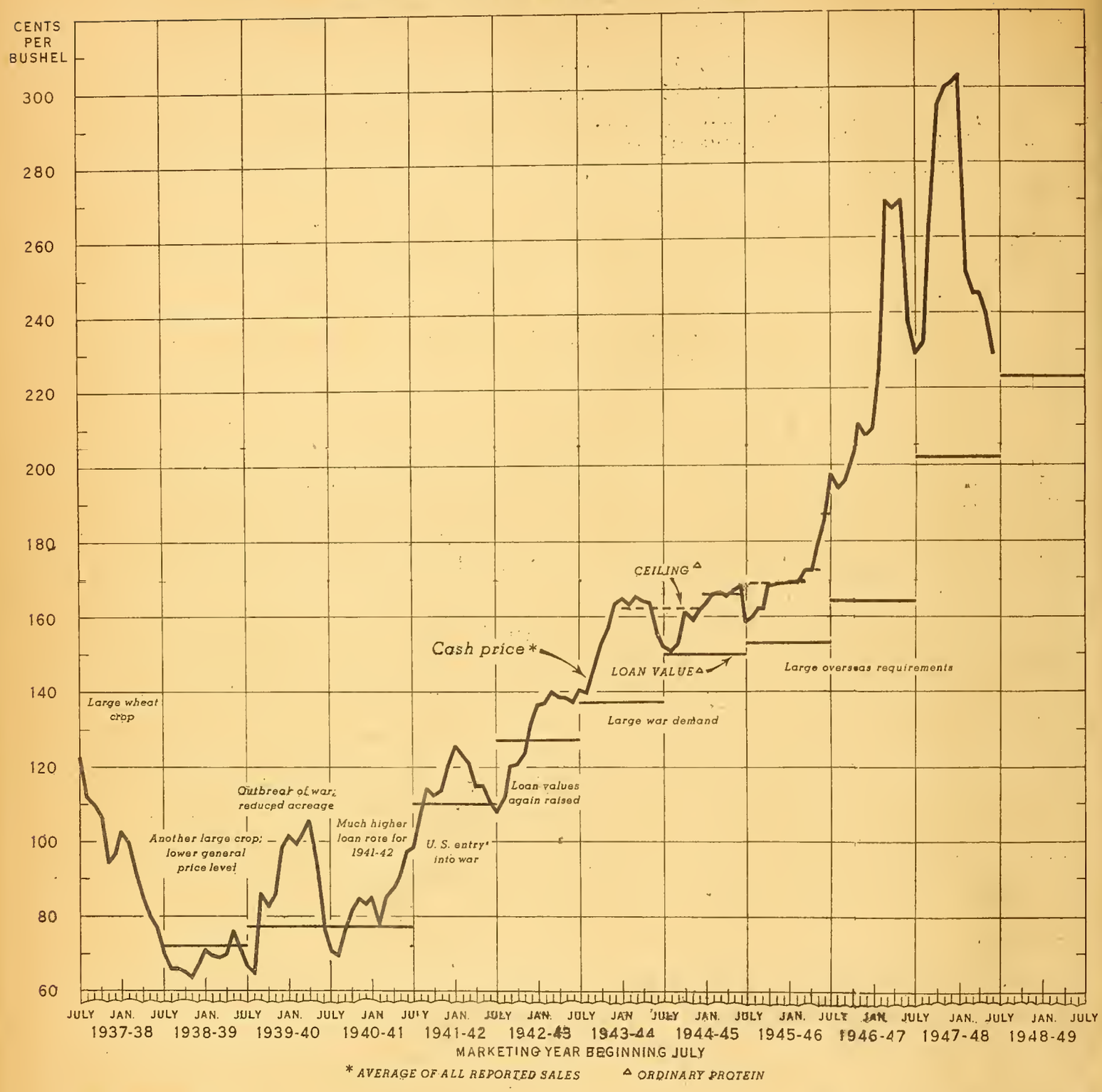
By July 22, CCC had enough wheat to cover its announced wheat export program through September and flour export program well into September. The July 1 inventory of CCC totaled about 45.5 million bushels of wheat and the flour equivalent of about 12.5 million bushels of wheat, or a total of about 58 million bushels. In addition, purchases through July 22 totaled 28.7 million bushels, consisting of 22.4 million bushels of wheat and 6.3 million bushels of flour in terms of wheat.

1948-Crop Prices Expected to Average Moderately Over the Loan

Wheat prices to farmers in 1948-49 are expected to average moderately over the loan level. Prospects for growing 1949 crops will again be an important price factor. Crop prospects were important in strengthening prices last fall when some winter wheat was seeded in dust, or seeded late. During the winter, prices were weakened by the large Australian crop, unexpectedly good yields per acre in Argentina, and the improved outlook for winter wheat in the Great Plains and in European countries.

In the 10 years since the loan program was started, prices have averaged below the loan in only 3 years, and then in a range of 3 to 4 cents (table 1). In one of these 3 years, 1938-39, the program was new and slow in getting started with the net effect that only 86 million bushels were pledged for loans. In 1941-42 and in 1942-43 prices were depressed as exports were restricted by war and the carry-over reached all-time high levels.

WHEAT, NO. 2 HARD WINTER: CASH PRICE, LOAN VALUE, AND CEILING AT KANSAS CITY, 1937-48



* AVERAGE OF ALL REPORTED SALES △ ORDINARY PROTEIN

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Wheat prices in 1948-49 may follow a pattern similar to that for each marketing year from 1938 through 1942, when the wheat price started below the loan level and advanced substantially by spring. Largely as the result of a very large non-food demand, the price in 1943-44 started above the loan level and by December advanced to about parity, where the ceiling was established. From 1945 through 1947, the price was held above the loan level by a very large export demand. In the chart above, the cash price rises from the ceiling level because the cash price used includes the payment of premiums for above-average protein. Although the ceiling prices permitted payment of these premiums, they are not reflected in the ceiling shown in the chart.

Table 1.- Wheat loan rate and actual price to growers, exports, carry-over, and quantity pledged for loans, 1938-47

Year beginning July	Loan rate	Actual price to growers	Price above loan	Net exports 1/	Year-end carry-over	Quantity pledged for CCC loans		
						On farms	In warehouses	Total
	Dollars	Dollars	Dollars	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil.bu.
1938	.59	.56	-.03	109	250	23.8	61.9	85.7
1939	.61	.69	.08	48	230	33.0	134.7	167.7
1940	.64	.68	.04	34	385	50.1	228.3	278.4
1941	.98	.94-1/2	-.03-1/2	28	631	118.9	247.4	366.3
1942	1.14	1.10	-.04	33	619	186.2	221.9	408.1
1943	1.23	1.36	.13	2/-70	317	45.5	84.7	130.2
1944	1.35	1.41	.06	111	279	47.8	132.6	180.4
1945	1.38	1.50	.12	392	100	22.2	37.5	59.7
1946	1.49	1.91	.42	398	84	13.1	8.9	22.0
1947	1.83	(2.31)	(.48)	(485)	195	12.7	18.5	31.2
1948	2.00							

1/ Includes shipments to U. S. Territories of about 4 million bushels annually.
2/ Exports totaled 66 million bushels and imports used to supplement domestic animal feed supplies totaled 136 million bushels.

Of the 7 years in which prices averaged above the loan, the smallest amount was 4 cents in 1940-41, when the carry-over rose considerably above average. In 1939-40 the average price was 8 cents over the loan, when the carry-over was increased slightly by a crop of only 741 million bushels. In the 3 years beginning with 1943-44, the U. S. shifted from a net importer to a heavy exporter and the carry-over declined from 317 million bushels to 100 million. During these years, prices were 13, 6, and 12 cents, respectively above the loan. In the past 2 years, when exports reached record levels, prices averaged over 40 cents above the loan. In 1946-47 the carry-over dropped to only 84 million bushels. In 1947-48, the carry-over remained below average but increased about 110 million bushels.

It is not likely that the average price in 1948-49 will exceed the loan value by as much as in 1946-47 and 1947-48 because of the increase in the size of the carry-over from the low levels of the past two years, and the plentiful supply and lower cost of other grains. However, on the basis of current prospects and price movements in previous years, it is expected that the 1948 season average price will be moderately above the loan level.

No Wheat Marketing Quotas for 1949-50; 1949 Crop Will Be Supported at 90 percent of Parity

Formal announcement that there will be no wheat marketing quotas and acreage allotments for the 1949-50 wheat production and marketing year was made July 15. This action was taken in view of the world food situation.

Under the Agricultural Act of 1948 the present support at 90 percent of parity will apply to the 1949 crop. Beginning with the 1950 crop, the parity formula is changed and a new price support schedule is introduced. It is planned to describe these in detail and illustrate their affects in the August Outlook issue of The Wheat Situation.

International Wheat Agreement Not Ratified by U. S. and a Number of Importing Countries

The International Wheat Council at a meeting in Washington on July 7 decided to abandon further efforts to apply the International Wheat Agreement to the 1948 production. The Agreement had not been ratified by the Government of the United States and by the Governments of a number of importing countries by July 1, 1948. Subsequently, representatives of some of those countries which had already ratified the Agreement withdrew because the guaranteed quantities of the countries which had formally accepted the Agreement were insufficient to insure its successful operation.

The meeting on July 7 agreed that later consideration should be given to the possibility of considering an International Wheat Agreement on the lines of the document signed in March 1948 to be brought into operation on August 1, 1949. A preparatory Committee was appointed to keep under review the prospects of concluding such a new agreement. This Committee consisted of the representatives of Australia, Benelux countries, Brazil, Canada, Egypt, France, India, the United Kingdom, and the United States.

THE WORLD WHEAT SITUATION

BACKGROUND: - On July 1, 1943, stocks in the four principal exporting countries were a record of 1,740 million bushels. By July 1945, however, they were down to 824 million bushels. In 1946 they were 386 million and in 1947 were 379 million. Greatly increased disappearance was caused by an accumulated demand brought on by the war and by poor crops in many areas. Stocks on July 1, 1947 were the smallest since 1938, about 20 percent less than the 1935-39 average of 458 million bushels.

European Crop Outlook Continues Favorable; Canadian Crop Has Deteriorated

This year's production of bread grains in Europe, excluding the Soviet Union, is expected to be about 35 percent higher than the small production in 1947 but still 13 percent below the 1935-39 average. 1/

1/ This report for Europe indicates conditions as of about July 1, and is based on information received by the Office of Foreign Agricultural Relations.

Table 2. - European production of breadgrains, 1948 forecast, with comparisons 1/

Country	Wheat				Rye			
	Average 1935-39	1946	1947	1948 forecast	Average 1935-39	1946	1947	1948 forecast
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Austria	16,057	10,300	9,700	12,500	21,355	11,800	11,400	14,000
Belgium	16,150	16,200	6,500	12,000	14,319	10,500	8,700	7,500
Bulgaria	2/ 64,076	67,900	-	-	2/ 8,084	8,500	-	-
Czechoslovakia	57,000	53,000	-	-	61,000	55,000	-	-
Denmark	14,470	10,916	2,205	7,500	9,973	11,300	7,086	12,000
Eire	7,689	17,274	17,500	20,000	3/	3/	3/	3/
Finland	6,100	8,083	7,700	9,000	12,300	7,200	7,900	8,000
France	286,510	250,000	150,000	275,000	30,013	19,500	17,700	24,000
Germany	147,000	-	-	-	205,000	-	-	-
Greece	30,205	28,500	20,600	25,000	2,244	1,970	1,700	1,600
Hungary	91,210	41,400	40,000	70,000	29,354	16,701	17,500	22,500
Italy	279,000	238,000	205,000	255,000	5,700	4,500	4,300	5,000
Luxembourg	1,215	959	450	800	462	386	275	400
Netherlands	14,791	13,180	7,500	10,500	19,626	17,948	12,506	16,000
Norway	2,391	2,761	2,390	2,800	405	200	200	250
Poland	74,000	-	-	-	284,000	-	-	-
Portugal	16,092	18,555	12,860	17,500	4,485	6,100	5,500	6,500
Rumania	112,000	-	-	-	10,000	-	-	-
Spain	4/157,986	133,000	110,000	135,000	4/ 19,205	20,078	18,000	20,000
Sweden	26,351	25,017	14,333	24,000	14,828	11,384	5,597	12,750
Switzerland	6,050	7,500	7,000	8,000	1,260	1,200	990	1,200
United Kingdom	62,361	73,442	62,250	95,000	398	1,560	860	1,600
Yugoslavia	97,700	-	-	-	8,500	-	-	-
Estimated total 5/	1,588,000	1,310,000	1,015,000	1,450,000	763,000	510,000	495,000	600,000
U.S.S.R.	1,240,000	780,000	875,000	-	6/885,000	860,000	920,000	-

Prepared or estimated by the Office of Foreign Agricultural Relations, on the basis of official statistics of foreign governments, reports of United States foreign service officers, results of office research, or other information. Prewar estimates for countries having changed boundaries have been adjusted to conform to present boundaries except as noted. 1/ Years shown refer to year of harvest. 2/ Estimate not adjusted to take account of the inclusion of Southern Dobrudja and is, therefore, not strictly comparable with estimates shown for later years. 3/ Estimated production of less than 300,000 bushels. 4/ Figure for 1935 only. 5/ Includes allowances for any missing data for countries shown and for other producing countries not shown. 6/ Average of less than 5 years.

The European wheat crop for 1948 is tentatively forecast at 1,450 million bushels compared with 1,015 million bushels in 1947 and an average of 1,588 million bushels in the prewar years. Larger crops than in 1947 are reported for all countries of the Continent. Both increased yields and larger acreages are forecast for all countries, with only a few minor exceptions, and account for the substantial increase. Rye production, forecast at 600 million bushels, is about 20 percent larger than the low production last year but is still 20 percent less than the average for 1935-39. Recent reports received from Europe indicate wet conditions during harvest, which will lower quality but may not materially affect yields.

The wheat crop of 275 million bushels in France compares with 150 million bushels in 1947 and 287 million in prewar. In Italy production is estimated at 255 million bushels compared with 205 million in 1947 and 279 million in prewar. The United Kingdom crop of 95 million bushels is over 50 percent above both last year's and prewar. Details by countries are given in table 2.

In the Soviet Union, the harvest of small grains is in full swing in the southern regions and has begun also in the central and Volga regions. By July 5, the area harvested exceeded by more than 5 million acres that harvested on the same date a year ago. Good yields, especially of winter wheat, are reported in the south where Soviet grain exports usually originate. However, the June drought apparently lowered yields in important spring wheat areas along the Volga. The situation in Siberia, where harvest had not yet begun, was still uncertain. On the whole, the present outlook for total grain production in the Soviet Union, therefore, is about the same or perhaps slightly less favorable than it was in 1947. It is much better than in 1946 when a large area was affected by a severe drought and the acreage was smaller However, even in 1947, Soviet production of the five principal grains (wheat, rye, oats, barley, and corn) was about a fifth below the prewar average of 86.7 million metric tons.

Production in Canada may be no more than the 1935-39 average of 312 million bushels. Last year's production was 341 million. According to reports of the Dominion Bureau of Statistics, the 1948 crop deteriorated steadily from the middle of May through June as a result of persistent drought conditions. At the end of June, condition as a percentage of the long-time average yields per acre, were reported as follows (June 30, 1947 in parentheses): All wheat 95 (125), fall wheat 97 (91), and all spring wheat 95 (125). Manitoba was 113 (126), Alberta 94 (123), and Saskatchewan 93 (127). Deterioration was temporarily checked throughout most of the drought area by rains in the first week of July. Subsequent rains are reported to have somewhat improved the outlook. Of the total of 23.2 million acres reported for spring-wheat 2/ (slightly below the 23.5 million acres last year), 2.4 million is in Manitoba, 6.3 million in Alberta, and 14.4 in Saskatchewan. Based on current reports, prospects indicate a somewhat better than normal crop for Manitoba and also three-quarters of Alberta, almost entirely in the western areas. Less than 2 million acres in Alberta is in only fair condition. In Saskatchewan, however, with the exception of eastern and northern districts which received normal rainfall, prospects are only for a very poor to fair crop. It is estimated that about 5 million acres may not produce half a crop.

Weather has been generally favorable for the recently seeded crops in Argentina and Australia. A very small acreage is again expected in Argentina.

2/ Total winter wheat acreage in Canada is less than a million acres.

European Import Needs Again Large, Even with Improved Production

On the basis of very tentative figures on production (crops in Argentina and Australia will not be harvested until December) wheat supplies available from the 4 exporting countries, for the year beginning July 1, 1948, may total about 825 million bushels. Other countries, including the Soviet Union may possibly export another 75 million, making a total of about 900 million bushels. World trade in wheat and flour in 1947-48 totaled about 950 million bushels, with countries other than the 4 major exporting countries contributing about 60 million bushels.

Roughly, it would be expected that about two-thirds of such a quantity would go to European countries participating in the European Recovery Program. While such an amount added to domestic production would not be enough to fully restore per capita consumption to prewar levels, it would be about 15 percent above the low level of consumption in 1947-48. In these countries, the current tentative estimate of production indicates a bread-grain crop only about 5 percent below the average production in 1935-39. However, before the war, countries in this group supplemented their own production by importing about 13 million tons of wheat and rye, or over 25 percent of their consumption. In addition to a substantial increase in population, these countries have a low level of reserve stocks of all food products, and there is continued need for using food grains as a substitute for other foods which are short.

Table 3. - U. S. exports (preliminary) of wheat and flour, 1947-48, for non-military relief, military relief, and cash-paying countries 1/

Item	Wheat	Flour 2/	Total
	Million bushels	Million bushels	Million bushels
Non-military relief			
Post UNRRA (Foreign Relief)	34.8	13.1	47.9
Interim Aid (Foreign Aid)	36.5	16.1	52.6
Greek-Turkish Aid	4.6	5.1	9.7
ECA	21.5	7.2	28.7
Total non-military relief	97.4	41.5	138.9
Military relief total	3/125.5	4/46.9	172.4
Cash-paying countries			
By USDA	72.6	0.4	73.0
By commercial firms	13.1	83.1	96.2
Total cash-paying	85.7	83.5	169.2
Total of all exports	308.6	171.9	480.5

1/ Comparable figure for 2 previous years in The Wheat Situation, issue of August 1947. 2/ Wheat equivalent. 3/ Of which about 23.0 million bushels were paid for by the British. 4/ Of which about 9.0 million bushels were paid for by the British.

Table 4.-Wheat, No. 2 Hard Winter: Price, loan value and ceiling at Kansas City, 1937-48
(Data for figure 1)

Year beginning July	Weighted cash price of No. 2 Hard Winter Wheat at Kansas City 1/												Loan value at Kansas City 2/
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1937	122.5	111.8	109.5	106.0	94.2	96.5	102.7	99.6	91.5	84.6	79.7	76.7	---
1938	70.0	65.5	65.7	64.7	63.3	66.9	70.9	69.2	68.7	69.6	75.7	70.9	72
1939	66.7	64.6	85.9	82.7	85.8	98.3	101.2	99.4	102.1	105.7	94.7	76.3	77
1940	70.7	69.3	75.8	81.6	84.5	83.0	84.7	77.8	85.1	87.2	90.4	97.3	77
1941	98.3	106.6	114.1	112.2	113.4	120.1	125.6	123.1	121.0	114.6	114.9	110.9	110
1942	107.9	111.2	120.3	120.5	123.1	130.5	136.8	137.0	139.9	138.4	138.1	137.0	127
1943	140.1	139.8	145.8	152.3	156.4	162.8	164.8	163.0	165.2	164.0	163.2	155.6	137
1944	152.1	150.8	153.0	161.3	159.1	162.0	163.6	165.8	166.3	165.7	166.7	168.2	150
1945	158.3	159.8	162.1	168.3	168.9	169.2	169.2	169.1	172.0	172.1	---	186.1	153
1946	197.8	193.8	196.0	203.9	210.4	207.2	209.0	226.1	269.4	267.6	269.3	237.3	164
1947	229.0	232.0	265.0	295.0	300.0	301.0	303.0	251.0	245.0	245.0	240.0	229.0	202
1948													223

1/ Computed by weighting selling price by number of carlots sold as reported in the Kansas City Grain Market Review. In this price, wheat of above as well as below 13 percent protein is included. 2/ Loan rate is for wheat of less than 13 percent. Ceiling became effective January 4, 1944 at $1.62 including 1-1/2 cents commission, basis protein of less than 13 percent. On December 13, 1944 it was raised to $1.66, on May 30, 1945 to $1.691, on March 4, 1946 to 172.1, and on May 13, 1946 to 187.1. On June 30, 1946 ceilings expired.

Table 5.-Wheat loan rates: At specific terminal markets, national average to growers, and percent of parity, 1938-48

Year beginning July	Announced loan rates at markets					Average loan announced to growers	Average loan received by growers	Announced rate per-cent of parity 1/
	No. 2 Hd. Winter at Kansas City	No. 2 Hard Winter at Chicago	No. 1 Dk. No. Sp. at Min-neapolis	No. 1 Soft White at Portland	No. 2 Red at St. Louis			
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
1938	.72	.77	.81	.67	.73	.59	.53	52
1939	.77	.80	.87	.73	.80	.61	.63	55
1940	.77	.81	.87	.73	.81	.64	.655	57
1941	1.10	1.15	1.15	1.05	1.15	.98	.98	85
1942	1.27	1.32	1.32	1.21	1.32	1.14	1.13	85
1943	1.37	1.42	1.42	1.34	1.42	1.23	1.25	85
1944	1.50	1.55	1.53	1.46	1.55	1.35	1.38	90
1945	1.53	1.58	1.55	1.49	1.58	1.38	1.345	90
1946	1.64	1.69	1.66	1.60	1.69	1.49	1.445	90
1947	2.02	2.07	2.04	1.98	2.07	1.83	1.84	90
1948	2.23	2.28	2.25	2.18	2.28	2.00	----	90

Compiled from records of the Commodity Credit Corporation.
1/ Parity is determined by multiplying the base price to growers of 88.4 cents per bushel (average of 60 months from August 1909 to July 1914) by the index of prices paid, interest and taxes (1910-14=100), which in mid-June 1948 was 251 percent.

Table 6.-Wheat: Supply and distribution, United States, 1945-48 1/

Marketing years by quarters	Supply				Distribution						
					Total disappearance	Exports and shipments	Domestic disappearance				
	Stocks	Crop	Imports	Total supply			Total	Processed for food	Seed	Industrial	Feed 2/
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
1945-46											
July-Sept.	279.2	1,108.2	1.3	1,388.7	368.7	94.7	274.0	125.4	32.1	16.4	100.1
Oct.-Dec.	1,020.0		0.5	1,020.5	338.5	107.1	231.4	137.4	27.0	3.0	64.0
Jan.-Mar.	682.0		0.1	682.1	350.0	105.3	244.7	134.8	1.5	1.6	106.8
Apr.-June	332.1		0.1	332.2	232.1	86.8	145.3	90.9	21.4	3/	33.0
JULY-JUNE	279.2	1,108.2	2.0	1,389.4	1,289.3	393.9	895.4	488.5	82.0	21.0	303.9
1946-47											
July-Sept.	100.1	1,153.0		1,253.1	303.8	79.3	224.5	130.0	34.2	0	60.3
Oct.-Dec.	949.3			949.3	307.0	82.9	224.1	148.2	28.8	0	47.1
Jan.-Mar.	642.3			642.3	333.7	120.8	212.9	128.0	1.6	0	83.3
Apr.-June	308.6			308.6	224.9	115.0	109.9	5/88.0	21.9	0	0
JULY-JUNE	100.1	1,153.0	3/	1,253.1	1,169.4	398.0	771.4	494.2	86.5	0	190.7
1947-48 4/											
July-Sept.	83.8	1,364.9		1,448.7	326.5	140.4	186.1	5/132.7	29.0	0	24.4
Oct.-Dec.	1,122.2			1,122.2	325.6	117.7	207.9	136.2	38.9	0.6	32.2
Jan.-Mar.	796.6			796.6	317.0	113.1	203.9	119.5	1.6	0	82.8
Apr.-June	479.6			479.6	284.6	113.3	171.3	109.6	21.9	0	39.8
JULY-JUNE	83.8	1,364.9	3/	1,448.7	1,253.7	484.5	769.2	498.0	91.4	0.6	179.2
1948-49 4/											
July-Sept.	195.0	1,241.8		1,436.8							

1/ Annual data 1930-41 in The Wheat Situation, Sept.-Dec. 1947, page 12: quarterly data 1942-44 in issue of March-April 1948, page 2.

2/ Residual.

3/ Less than 50,000 bushels.

4/ Preliminary.

5/ 7.2 million bushels estimated as in process from 1947 crop wheat included in figure for July-Sept. 1947.

Table 7.- Wheat: Weighted average cash price, specified markets and dates 1947-48

Month and date	All classes and grades six markets		No. 2 Hard Winter 1/ Kansas City		No. 1 Dark N. Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Soft White Portland 2/	
	1947	1948	1947	1948	1947	1948	1947	1948	1947	1948	1947	1948
Months:												
April	$2.62	$2.61	$2.68	$2.45	$2.64	$2.67	$2.47	$3.06	$2.74	$2.55	$2.34	$2.39
May	2.64	2.60	2.69	2.40	2.68	2.62	2.49	2.98	2.70	2.44	2.38	2.36
June	2.56	2.56	2.37	2.29	2.72	2.60	2.38	2.84	2.59	2.32	2.28	2.30
Week ended												
May 8	2.59	2.60	2.66	2.42	2.63	2.62	2.35	3.00	--	2.44	2.34	2.38
15	2.60	2.58	2.64	2.42	2.66	2.61	2.42	2.95	2.67	2.48	2.38	2.37
22	2.66	2.59	2.69	2.39	2.69	2.62	2.54	2.96	2.73	2.50	2.41	2.37
29	2.70	2.61	2.75	2.36	2.75	2.63	2.56	3.00	--	2.41	2.43	2.34
June 5	2.60	2.61	2.56	2.39	2.68	2.62	2.41	2.98	--	2.39	2.41	2.30
12	2.55	2.58	2.41	2.31	2.63	2.60	2.34	2.92	2.60	2.36	2.34	2.30
19	2.55	2.57	2.32	2.26	2.72	2.60	2.34	2.90	2.59	2.37	2.29	2.30
26	2.57	2.55	2.26	2.30	2.86	2.60	2.39	2.72	2.57	2.31	2.08	2.30
July 3	2.48	2.44	2.15	2.24	2.86	2.53	2.35	2.62	--	2.28	2.08	2.27
10	2.42	2.34	2.21	2.22	2.90	2.46	2.46	2.55	2.34	2.27	2.08	2.21
17	2.41		2.31	2.21	2.95	2.44	2.47	2.50	2.38		2.15	2.18

1/ Beginning July 9, 1947 sales of hard and dark hard winter combined.
2/ Average of daily cash quotations.

Table 8.- Wheat: Stocks in the United States on July 1, averages 1937-41 and 1942-46, and annual 1945-48

Stocks position	Average 1937-41	Average 1942-46	1945	1946	1947	1948
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Farm	67,018	117,045	87,703	41,606	40,477	94,312
Interior mills, elevators, and warehouses	37,797	65,401	42,129	8,376	10,116	29,683
Commercial 1/	64,435	113,321	67,185	29,917	8,129	34,065
Merchant mills and mill elevators	60,898	67,965	58,463	12,838	24,591	34,300
Commodity Credit Corp. wheat in transit and in steel and wood bins 1/	--	25,366	23,700	7,351	500	2,530
Total	230,148	389,098	279,180	100,088	83,813	194,890

1/ Commercial stocks reported by Production and Marketing Administration and Commodity Credit Corporation in transit reported by CCC. Stocks in other positions are estimates of Crop Reporting Board. CCC-owned, other than in transit, included in estimates by positions.

Annual 1941-44 in The Wheat Situation July 1947 page 9.

Table 9.- Wheat: Prices per bushel in three exporting countries, Friday nearest mid-month, Jan.-July, and weekly, May-July 1948

Date (Friday)	HARD WHEAT: United States No. 1 D. N.Sp. 13 pct. protein at Duluth 1/	HARD WHEAT: Canada No. 2 Man. at Fort William 2/	HARD WHEAT: United States No. 1 D.H.W. Galveston 1/	SOFT WHEAT: United States No. 1 Portland 1/	SOFT WHEAT: Australia 1/
	Dollars	Dollars	Dollars	Dollars	Dollars
Friday mid-month:					
Jan. 16	3.23	3.34	3.19	2.91	---
Feb. 13	2.52	2.59	2.345	2.10	---
Mar. 12	2.62	2.61	2.555	2.25	3.30
Apr. 16	2.79	2.69	2.615	2.40	---
May 14	2.62	2.71	2.525	2.37	---
June 11	2.57	2.55	2.375	2.30	---
July 16	2.40	2.47	2.33	2.18	---
Weekly					
May 7	2.60	2.68	2.535	2.39	---
May 21	2.60	2.64	2.50	2.39	---
May 28	2.61	2.64	2.48	2.34	---
June 4	2.59	2.60	2.425	2.30	---
June 18	2.59	2.56	2.43	2.30	---
June 25	2.575	2.56	2.42	2.30	---
July 2	2.465	2.54	2.38	2.25	---
July 9	2.43	2.50	2.37	2.21	---

1/ F.O.B. spot or to arrive. 2/ Fort William quotation is in store.

Table 10.- Rye: Supply and distribution, United States 1934-48

Year beginning July	Supply: Stocks 1/	Supply: Production	Supply: Imports	Supply: Total	Distribution: Food 2/	Distribution: Feed 3/	Distribution: Seed	Distribution: Alcoholic spirits	Distribution: Total	Ex-ports 4/	Total disappearance
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
1934	14.9	16.3	11.2	42.4	8.0	4.8	8.6	10.2	31.6	5/	31.6
1935	10.8	56.9	2.3	70.0	6.9	21.9	8.7	12.8	50.3	5/	50.3
1936	19.7	24.2	3.9	47.8	7.0	13.8	10.0	11.6	42.4	0.2	42.6
1937	5.2	48.9	5/	54.1	5.9	18.0	9.1	6.0	39.0	6.6	45.6
1938	8.5	56.0	5/	64.5	6.8	19.8	9.7	5.5	41.8	0.8	42.6
1939	21.9	38.6	5/	60.5	7.0	20.2	7.4	5.6	40.2	0.7	40.9
1940	19.6	39.7	1.4	60.7	7.1	19.9	8.1	6.7	41.8	0.2	42.0
1941	18.7	43.9	8.8	71.4	7.8	19.4	8.3	6.8	42.3	5/	42.3
1942	29.1	52.9	1.5	83.5	8.3	27.2	6.8	2.1	44.4	0.5	44.9
1943	47.1	28.7	8.3	84.1	8.7	33.5	5.8	4.5	52.5	0.6	53.1
1944	31.0	22.5	4.1	57.6	7.8	18.8	5.4	10.3	42.3	3.1	45.4
1945	12.2	24.0	2.0	38.2	6.7	9.2	4.5	8.3	28.7	7.2	35.9
1946	2.3	18.9	1.6	22.8	5.5	5.3	4.9	4.2	19.9	0.6	20.5
1947 6/	2.3	26.0	5/	28.3	5.6	5.0	5.0	6.7	22.3	2.7	25.0
1948 6/	3.3	26.8		30.1							

/1934-42, farm and commercial stocks only. Beginning in 1943, the figures also include nterior mill and elevator stocks. 2/ Estimates based on trade information related to he Census of 1939. 3/ Residual item. 4/ Includes flour. 5/ Less than 50,000 bu. 6/ Preliminary.

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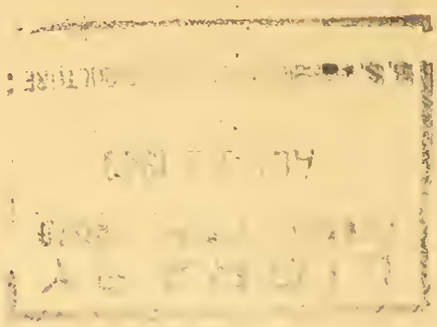

Table 11.- Wheat: Average closing prices of wheat futures, specified markets and dates, 1947-1948

Period	Chicago		Kansas City		Minneapolis	
	1947	1948	1947	1948	1947	1948
			July futures			
Month:						
April	$2.22	$2.47	$2.15	$2.36	$2.31	$2.45
May	2.29	2.34	2.22	2.25	2.40	2.36
June	2.19	2.31	2.11	2.22	2.34	2.35
Week Ended						
May 1	2.25	2.32	2.19	2.24	2.36	2.36
8	2.25	2.33	2.18	2.24	2.35	2.34
15	2.27	2.34	2.19	2.24	2.38	2.36
22	2.33	2.34	2.26	2.25	2.45	2.37
29	2.36	2.35	2.28	2.26	2.45	2.38
June 5	2.28	2.33	2.20	2.23	2.36	2.36
12	2.16	2.29	2.08	2.20	2.26	2.33
19	2.15	2.30	2.07	2.21	2.28	2.36
26	2.17	2.32	2.09	2.23	2.44	2.37
			September Futures			
July 3	2.17	2.31	2.09	2.23	2.16	2.29
10	2.27	2.31	2.18	2.24	2.29	2.29
17	2.34	2.30	2.24	2.21	2.35	2.27